



Department of Justice

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AT
(202) 514-2007
TTY (866) 544-5309

FORMER SHIPPING EXECUTIVE INDICTED FOR ROLE IN PRICE-FIXING CONSPIRACY INVOLVING COASTAL FREIGHT SERVICES BETWEEN THE CONTINENTAL UNITED STATES AND PUERTO RICO

WASHINGTON — A federal grand jury in San Juan, Puerto Rico, has returned an indictment against Thomas Farmer, a former executive of Jacksonville, Fla.-based Crowley Liner Services, for participating in a conspiracy to fix rates and surcharges for freight transported by water between the continental United States and Puerto Rico, the Department of Justice announced today.

The indictment, filed today in the U.S. District Court in San Juan, charges Farmer, the former vice president of price and yield management of Crowley, with conspiring with co-conspirators to suppress and eliminate competition by agreeing to fix rates and surcharges for Puerto Rico freight services from at least as early as mid-2005 until at least April 2008.

Crowley transports a variety of cargo shipments, such as heavy equipment, perishable food items, medicines and consumer goods, on scheduled ocean voyages between the continental United States and Puerto Rico.

The indictment alleges, among other things, that Farmer and co-conspirators carried out the conspiracy by attending meetings and engaging in conversations and communications in the continental United States and Puerto Rico to fix, stabilize and maintain rates and surcharges for Puerto Rico freight services; to allocate customers of Puerto Rico freight services between and among the conspirators; and to rig bids submitted to customers of Puerto Rico freight services.

“Today’s indictment charges this executive with participating in a price-fixing conspiracy that affected the cost of shipping many consumer goods to Puerto Rico,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The division will continue to vigorously pursue individuals who engage in anticompetitive behavior.”

Farmer is charged with price fixing in violation of the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

As a result of this ongoing investigation, three companies, including Crowley, and six individuals have pleaded guilty or been convicted at trial. Five of the individuals and the three

companies have been ordered to serve sentences ranging from seven months to four years in prison and to pay more than \$46 million in criminal fines. The sixth individual, Frank Peake, was convicted at trial in January 2013 and is currently scheduled to be sentenced on May 31, 2013.

This case is part of an ongoing federal antitrust investigation into price fixing, bid rigging and other anticompetitive conduct in the coastal water freight transportation industry, which is being conducted by the Antitrust Division's National Criminal Enforcement Section; the Baltimore Resident Agency of the Department of Defense's Office of the Inspector General, Defense Criminal Investigative Service (DCIS); the Miami Field Office of the Department of Transportation's Office of Inspector General; and the Jacksonville Field Office of the FBI. Anyone with information concerning anticompetitive conduct in the coastal water freight transportation industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694, visit www.justice.gov/atr/contact/newcase.htm or contact DCIS's Baltimore Resident Agency at 410-347-1620.

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